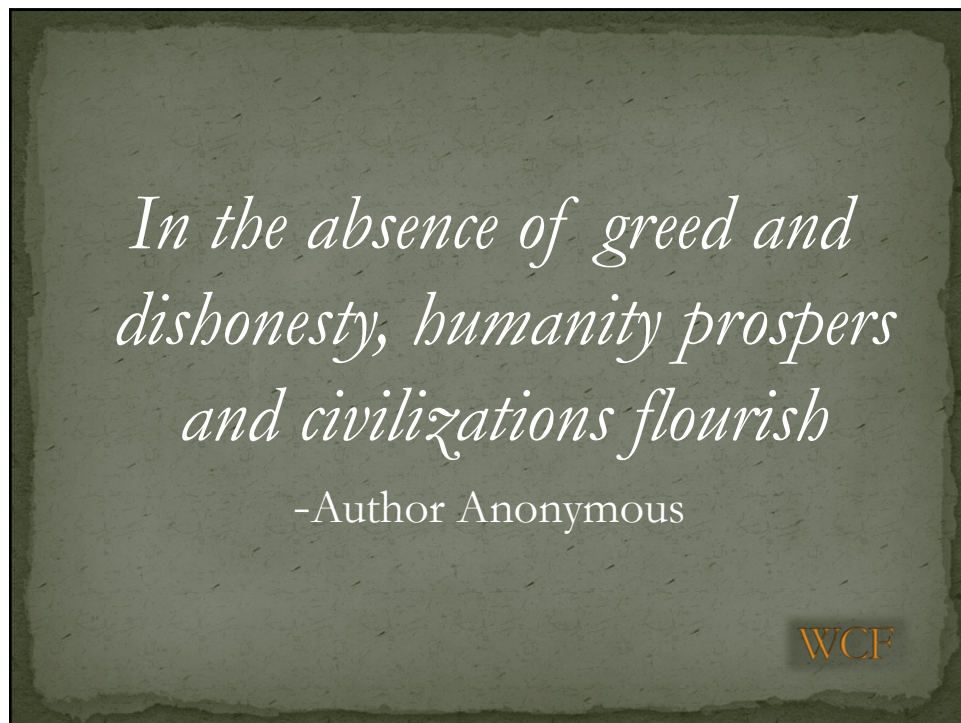


1



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## Financial Impact of Fraud

- Workers' compensation fraud costs American businesses an **estimated \$5 billion** annually.
- Insurance fraud is the second most costly white-collar crime, after tax evasion, costing Americans about **\$30 billion** each year.
- It is estimated that **20%** of claims have elements of fraud or misuse.
- Insurance companies, businesses, and workers pay the price.



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## Societal Attitude Towards Fraud

- People are sympathetic towards insurance fraud & can justify and rationalize abuse.
- People feel entitled.
- Society sees insurance fraud as a civil dispute.
- A segment of society sees insurance fraud as a victimless crime.



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# Is this fraud?



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## Varying Levels of Offender Motivation

- Opportunist
- Career Criminal
- Drug Seeker
- Crisis Driven



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## What is Workers Compensation Fraud?



- 34A-2-110  
Workers' compensation insurance fraud
- A person **intentionally, knowingly, or recklessly** devises a scheme or artifice. . .by means of false or fraudulent pretense, representation, promise, or material omission, and
- communicates or causes communication with another in the furtherance of the scheme or artifice.

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34A-2-110 cont.

- Misclassify an employee to avoid the obligation of insurance coverage.
- Use a workers' compensation waiver to deprive an employee of workers compensation coverage.
- Collect or make a claim for temporary disability compensation while working for gain.
- Make or cause to be made a false written or oral statement with the intent to obtain insurance coverage at a rate that does not reflect the risk, industry, employer, or class code actually covered by the insurance coverage

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## Claimant Fraud

- Double-Dip
- Drug Seeker
- Non-Industrial
- Prescription Card Abuse
- Self-Inflictor
- Malingering

A photograph of a man wearing a yellow hard hat and a black t-shirt, holding a hammer and shouting with his mouth wide open.

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## Surveillance Video



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## Premium Fraud

- Employee Misclassification
- Under Reporting Payroll
- Work Comp Certificate Fraud
- Exclusion Waiver Abuse
- Loss Experience Avoidance



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## Provider Fraud

- Unbundling
- Improper Coding
- Services Not Rendered
- Equipment Misrepresentation
- Prescription Abuse



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## Deterrence

### Investigation

- Comprehensive criminal investigation
- Fraud detection software
- Surveillance
- Web based investigation

### Prosecution

- Case presentation
- Prosecutor relationship

### Education

- Employers
- WCF employees
- Public



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## Fraud Warning

- Information regarding what constitutes fraud.
- Warning WCF will seek prosecution of fraud.
- Injured worker acknowledges understanding law.
- Complete copy of workers compensation fraud statute.

**FALSE OR FRAUDULENT CLAIM WARNING**

**WCF** Workers Compensation Fund of Utah 2021 11/04/2019 Salt Lake City, UT 84103 (801) 288-8010

**NOTICE**

If you are entitled to additional lost work time compensation beyond this first check, you must read, sign, and RETURN one copy of this form, completely filled out, to The Workers Compensation Fund of Utah. YOU WILL NOT RECEIVE A SECOND CHECK FOR LOST WORK TIME COMPENSATION UNTIL THIS FORM IS RETURNED WITH YOUR SIGNATURE. A postage paid envelope is included for your convenience. Return the white copy to the Workers Compensation Fund of Utah. Retain the second copy for your own record.

Please read the following information carefully. Discuss any part you do not understand with your insurance adjuster or representative of the Workers Compensation Fund. Immediately sign and return one copy of this form.

Workers who deliberately report false information or withhold information pertinent to their claim in order to receive industrial insurance benefits may be disqualified from receiving further benefits and may be subject to both criminal prosecution and civil penalties.

Workers compensation insurance fraud includes:

1. Requesting and/or receiving temporary total disability compensation while working for gain as an employee of a business, independent contractor, or business owner.
2. Making a false statement and/or submitting false documentation concerning wages and/or employment.
3. Misrepresenting facts concerning an industrial accident, injury, or illness to your employer, your physician, or any representative of the Workers Compensation Fund of Utah.

For your convenience, the full text of Utah's Workers Compensation Fraud Prevention Act (UCA 35-1-109) is reprinted on the reverse side of this form.

I certify that I have read the foregoing and fully understand it.

Social Security Number \_\_\_\_\_ Claim Number \_\_\_\_\_  
(Claim Number located on check stub)

Worker's Name \_\_\_\_\_ (Please type or print)

Address \_\_\_\_\_

Phone \_\_\_\_\_

Worker's Signature \_\_\_\_\_ Date \_\_\_\_\_

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## Red Flag Indicators of Potential Fraud

- ❗ Difficulty contacting the claimant at home
- ❗ Claimant has a history of multiple work comp claims
- ❗ Claimant's account of injury vague or contradictory
- ❗ Claimant delays return to work after MMI
- ❗ Claimant refuses opportunities for transitional duty
- ❗ Subjective complaints of injury not medically diagnosed

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### Red Flags cont.

- ❗ Claimant's employment status in jeopardy.
- ❗ "Shops" for care givers and/or is non-compliant.
- ❗ Claimant did not report the injury in a timely manner
- ❗ Evidence of claimant being covertly, gainfully employed.
- ❗ Activities inconsistent with reported limitations.
- ❗ Claimant conceals pre-existing injury relevant to claim.
- ❗ No witnesses to the injury or resulting symptoms.

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### Investigation History



	2005	2006	2007	2008	2009
# of Surveillance Cases	693	614	575	425	446
# of Investigations Assigned	573	667	732	756	510

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# Education

- Public Presentations
- Billboards
- Policy holder contacts
- Media



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## What Can You Do?

- Recognize signs of potential fraud
- Report suspicious claims to WCF
- Recognize our common goal is to protect the benefits of legitimately injured workers
- Fraud Hotline Number :
  - **1-866-372-8350**
- Toll-Free Fraud Hotline:
  - **1-800-446-2667**



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